



Environmental Services Division
Energy and Waste Management Bureau

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OIL PRICES CONTINUE TO SLIDE, THEN BOUNCE

DES MOINES — Crude oil prices slid for most of early December and then bounced higher mid-month. Crude finished trading on Dec. 15 at \$44.20 per barrel, \$2.68 less than last month, after hitting a five-month low of \$40.71 per barrel on Dec. 10. One year ago, crude was \$33.38 per barrel. The recent increases were tied to declining inventories of crude and heating oil and the onset of colder weather.

“Energy efficiency measures are still a wise investment,” says Jennifer Moehlmann, energy data analyst for the Iowa Department of Natural Resources. “Although heating fuel prices have dropped, they are nonetheless significantly higher than last year’s levels.”

On Dec. 13, natural gas was trading at \$6.84/MMBtu, \$0.84 higher than last month and four percent above the price of natural gas at this time last year (\$6.66/MMBtu). Although the year-to-year price difference has narrowed, approximately 70 percent of Iowa’s natural gas was purchased or contracted at the higher rates earlier in the year, so natural gas prices are still expected to be up to 29 percent higher this winter. Approximately 67 percent of Iowans heat their homes with natural gas.

According to the DNR’s Dec.13 fuel price survey, the average retail price of propane was \$1.27 per gallon, \$0.03 lower than the previous month and 23 percent above the retail price of propane at this time last year (\$1.03 per gallon). Propane prices are forecast to average 22 percent higher this winter than last. Roughly 15 percent of Iowans use propane for heating their homes.

The survey reported the average retail price of No. 2 heating oil was \$1.60 per gallon, \$0.10 lower than last month and 40 percent above the price of heating oil at this time last year (\$1.14 per gallon). Heating oil prices are expected to rise the most of all heating fuels, averaging 36 percent higher than last winter. Heating oil is used to heat about 2 percent of Iowa homes.

With fuel price volatility here to stay, investing in energy efficiency measures for your home is a smart choice. Consumers can decrease their heating bills by following a few easy steps provided by the U.S. Department of Energy:

- 1) Check for leaks. On a windy day, hold a lit candle near windows, doors, plumbing, ducting and wiring. If the smoke starts blowing sideways, you’ve got a leak. Cut off the air-flow by taping clear plastic sheeting to the insides of windows, weather stripping doors, and caulking around plumbing, ducting, and wiring leaks. Many power companies provide free home heat-loss inspections to try to identify problem areas.
- 2) Insulate, insulate, insulate. Put an insulating blanket around your hot-water heater and pipes. They’ll lose heat slower and require less input from the furnace. Check the attic to see if your insulation is up to standards.
- 3) Regulate the temperature. Install a programmable thermostat so you can keep the house cool when nobody’s home. You can set these devices so they start to heat things up again an hour or so before you’re due back. Lower the setting when you go to bed.
- 4) Check for cold ducts. Look for sections of your heating ducts that have separated or have holes in them. Insulating ducts can make a big dent on energy bills.

Consumers are encouraged to implement energy efficient measures early on to result in long term savings. Widespread adoption also leads to less demand, which in turn lowers fuel prices.

Gasoline prices across Iowa have followed the drop in crude oil. According to the DNR’s Dec. 15 fuel price survey, gasoline prices were \$0.16 lower than one month ago, averaging \$1.71 for a gallon of self-serve, regular unleaded gasoline. Prices across the state ranged from \$1.54 to \$1.85 per gallon and averaged \$0.29 higher than this time last year.

“Gasoline prices usually hit a low this time of year,” said Moehlmann. “However, the volatile nature of crude oil prices means all bets are off.”

The average price for regular unleaded gasoline blended with ethanol was \$1.69 per gallon. Ethanol-blended gasoline currently represents 65 percent of the market share. All auto manufacturers warrant the E-10 blend of 10 percent alcohol and 90 percent gasoline for use. Many manufacturers, including General Motors and Daimler-Chrysler, recommend the use of oxygenated fuels, such as ethanol, in their vehicles.

The average price of self-serve diesel fuel on Dec. 15 was \$1.95, down \$0.16 from last month. Diesel fuel was \$1.50 per gallon one year ago. “Diesel prices have declined, as demand has receded since the end of the harvest,” said Moehlmann. “However, like gasoline prices, it’s hard to know which direction they’ll go next.”

To help consumers improve fuel efficiency, the Iowa DNR has placed tips and information on fuel savings and alternative fuels on its Web site at www.iowadnr.com. Tips include driving more efficiently, keeping vehicles tuned up and planning and combining trips. Consumers can also choose ethanol at the pump, purchase E85 for flexible fuel vehicles and choose biodiesel blends for diesel vehicles.

HEATING FUELS SURVEY

	November 15	December 13	Change
Natural Gas	6.00	6.84	+0.84
Propane	1.30	1.27	-0.03
#2 Heating Oil	1.70	1.60	-0.10

MOTOR FUELS SURVEY STATE AVERAGES

Self-Serve	November 15	December 15	Change
Regular Unleaded	1.87	1.71	-0.16
Regular Unleaded with Ethanol	1.84	1.69	-0.15
Premium Unleaded	1.96	1.81	-0.15
Diesel	2.11	1.95	-0.16
Full-Serve	November 15	December 15	Change
Regular Unleaded	1.99	1.91	-0.08
Regular Unleaded with Ethanol	1.97	1.81	-0.16
Premium Unleaded	2.13	1.89	-0.24
Diesel	2.22	2.04	-0.18

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	November 15	December 15	Change
Ames	1.86	1.70	-0.16
Cedar Rapids	1.87	1.77	-0.10
Council Bluffs	1.84	1.63	-0.21
Davenport	1.78	1.74	-0.04
Des Moines	1.78	1.63	-0.15
Dubuque	1.87	1.72	-0.15
Fort Dodge	1.95	1.80	-0.15
Iowa City	1.94	1.79	-0.15
Sioux City	1.88	1.73	-0.15
Waterloo	1.84	1.66	-0.18
Webster City	1.96	1.83	-0.13
Average Metro Price	1.86	1.72	-0.14

AVERAGE SELF-SERVE UNLEADED PRICES IN RURAL IOWA

	November 15	December 15	Change
Northeast	1.86	1.70	-0.16
Northwest	1.91	1.72	-0.19
Southeast	1.82	1.67	-0.15
Southwest	1.84	1.70	-0.14
Rural Area Average	1.86	1.70	-0.16

WHOLESALE PRICES IN METROPOLITAN AREAS IN IOWA

Unleaded (cents per gallon)	November 11	December 9	Change
Des Moines	131.9	113.89	-18.01
Dubuque	132.93	114.91	-18.02
Diesel Fuel (cents per gallon)	November 11	December 9	Change
Des Moines	147.52	123.13	-24.39
Dubuque	148.18	123.46	-24.72